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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C. BAE APRIL 1942

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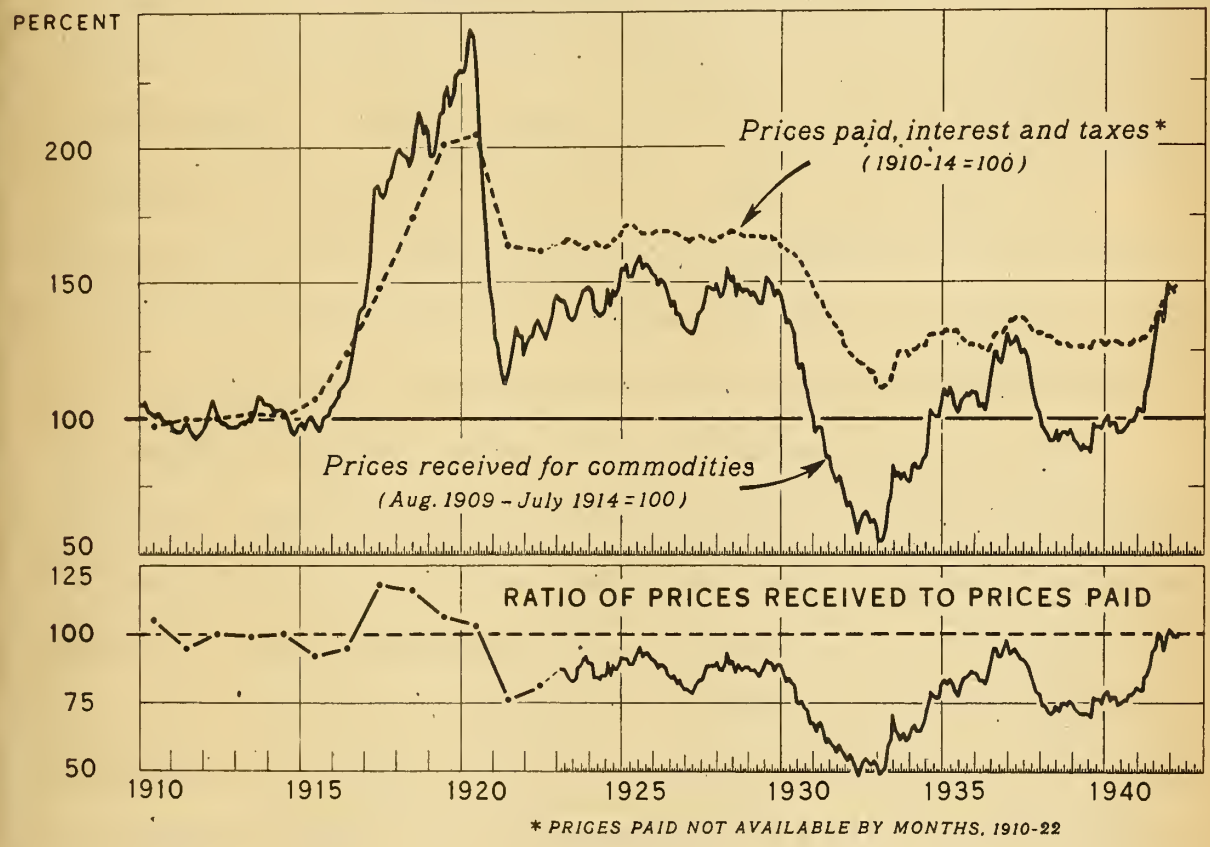
PRICES RECEIVED AND PAID BY FARMERS, INDEX NUMBERS, UNITED STATES, 1910-42



*PRICES PAID NOT AVAILABLE BY MONTHS, 1910-22

U. S. DEPARTMENT OF AGRICULTURE NEG. 39935 BUREAU OF AGRICULTURAL ECONOMICS

For 20 years prior to 1941 average prices received by farmers in the United States failed to reach parity (the relation to prices paid by farmers, including interest and taxes, which prevailed in 1910-14). The closest approach was in 1937 when decreased production of some commodities due to drought plus improved consumer demand carried prices to 98 percent of parity. From August 1941 through March 1942, prices have averaged 99 percent of parity, and in 2 of these months were slightly above parity, reflecting increased consumer demand and Government purchases connected with the war.

SUMMARY

There has been relatively little change in conditions directly affecting the consumer demand for farm products during the past few months, but it is expected that more definite improvement will be noticeable shortly. This prospect is based on anticipated increases in industrial production and employment and the growing importance of Government purchases of farm products. Another factor of importance in the demand outlook for farm products will be the increasing scarcity of consumers' durable goods, tending to divert purchasing power to those items in more adequate supply, including farm products.

The f.o.b. value of the raw and processed agricultural commodities bought by the Agricultural Marketing Administration during the year ended March 15 represented a sum (810 million dollars) equal to nearly 7 percent of the income received by farmers from all products marketed.

Widening Government controls over prices and uses of scarce items are moderating the advance of both wholesale and retail prices. But continued expansion in consumer income, declining production of consumer goods for civilian use and growing military and lend-lease needs combine to exert a strong upward pressure on prices. Consequently, the trend in the general price level is expected to continue moderately upward. The composite Bureau of Labor Statistics index of wholesale prices of 28 basic commodities rose only 1.3 percent during the 10-week period ending April 10, whereas prior to approval of the Control Act the upward trend had been much steeper. Price advances averaging 5.3 percent for the 8 uncontrolled commodities used in compilation of this index accounted for the entire increase between January 30 and April 10, as the index of 20 controlled commodities was down fractionally. Retail price ceilings were placed on several consumer items during the past month, but the composite index of living costs continued to rise, with food items accounting for most of the gain.

From mid-February to mid-March the general level of farm prices rose one point to 146 percent of the 1910-14 average, and on the basis of price changes in central markets is expected to advance at least as much this month. Prices of truck crops, which are marketed in considerable volume at this time of the year, were off about 15 percent in March. Income from all farm marketings probably increased only slightly as is usual for the month. During the second quarter of the year the trend in farm income from marketings is expected to adhere more closely to the usual seasonal pattern, which is slightly upward, than in 1941 when prices received by farmers were rising sharply. Marketing of major cash crops grown in 1941 has been pretty well completed and livestock and livestock products will account for the bulk of income from marketings during the next few months.

-- April 17, 1942

The situation by commodities is as follows:

Wheat: Winter wheat production this year (on the basis of April 1 indications and exclusive of "volunteer" wheat which may be harvested) is estimated by the Crop Reporting Board at 625 million bushels. Last year's production was 671 million bushels and the 10-year (1930-39) average production was 569 million. Spring wheat planting intentions on March 1 indicated 8.7 percent fewer acres than were planted last year and 30 percent less than the 10-year (1930-39) average. The domestic supply of wheat in the 1942-43 season (beginning next July 1) is tentatively estimated at 1,420 million bushels compared with 1,331 million in the current season. This indicated supply is 745 million bushels above estimated domestic disappearance and, since the export outlook is not promising, probably will result in a substantial further increase in carry-over at the end of the season (July 1, 1943).

Cotton: Cotton prices have advanced around 1 cent since mid-March, continuing the upward trend which has persisted since last November despite price ceilings on cotton goods. The continued price rise in raw cotton is possible because margins between raw cotton and finished goods prices have been and still are wide. But behind the price rise are a demand for cotton goods far in excess of supply and the uncertainty as to future adequacy of the supply of various qualities of raw cotton.

Feed grains: With an average growing season this year supplies of feed grains for 1942-43 are expected to be about 5 percent smaller than for 1941-42 and 10 to 12 percent smaller per animal unit. Disappearance of corn during the first quarter of 1942 was the largest on record. Stocks of corn April 1 were 3 percent smaller than the record April 1 stocks last year and a smaller carry-over is in prospect for next October 1.

Hogs: Slaughter supplies of hogs during the next 6 months are expected to be about 15 percent larger than a year earlier, but lend-lease purchases of pork and lard during this period will more than offset this increase. Hence, a continued high level of hog prices is in prospect.

Cattle: Slaughter supplies of well-finished cattle this spring and summer may be the same as a year earlier, but supplies of all cattle are expected to continue larger than those of last year. Inspected cattle slaughter in March was the largest for the month on record. Prices of most grades of slaughter cattle have improved considerably during the last 2 months.

Lambs: Weather and feed conditions so far this spring have been mostly unfavorable for the development of the early lamb crop, and marketings before June 1 will probably be smaller than a year earlier. Prices of old-crop lambs strengthened a little in March despite an unusually large slaughter of sheep and lambs during the month.

Wool: Prices of graded domestic wools advanced in March and are now at or close to the maximum prices established by the Office of Price Administration on February 28. An invitation for bids on large quantities of wool cloth and blankets for Army use, to contain not less than 50 percent of domestic wool, was an important factor in the price increase. It is estimated that mill consumption of wool for Army use in 1942 will nearly equal the average use for all purposes in recent years. Use of wool for civilians will be sharply curtailed in 1942.

Dairy products: The announcement that the Department of Agriculture will support prices of 92-score butter at Chicago at 36 cents assures producers that butter prices throughout 1942 will be maintained above those which prevailed during most of 1941. As a result butter production is likely to increase relative to a year earlier in coming months but the percentage increases in the production of cheese and evaporated milk may be smaller.

Poultry products: Supplies of poultry meat in the United States this year will be the largest on record. From 6 to 10 percent more chickens and turkeys probably will be raised this year than last. Egg production in the first quarter of the year was about 16 percent larger than a year earlier. Egg production is

expected to continue larger than in 1941. The relationship between feed prices and egg prices continues favorable for egg production.

Fats, oils, and oilseeds: The new support price of 36 cents per pound for 92-score butter is expected to stimulate milk production and also to result in an increased flow of milk to creameries, thus increasing the supply of butter. Prices of flaxseed and linseed oil have advanced materially in recent weeks. A recent order restricting nonessential building activity probably will reduce requirements for linseed oil to some extent, but increases in war demands for paint and varnish oils will tend to offset the influence of this factor on prices. Prices of other fats and oils, now at the maximum levels permitted under present schedules, are not expected to change materially in the next few months.

Fruits: Assuming that total fruit production in 1942 will not differ greatly from that in 1941, it is probable that the total pack of canned fruit in the 1942-43 packing season will be roughly equal in size to that of the 1941-42 season. However, the quantity available to domestic civilian consumers may be about 25-30 percent less than in 1941-42.

Potatoes: Prices continue firm near the peaks reached in February. Prospects for very little increase in the 1942 crop, rising demand, and Government price support indicate a relatively high level of prices through the year. Shipment of early potatoes this month may be limited due to weather conditions delaying production in the early (2) States.

Truck crops: Production throughout the year is expected to be larger than in 1941, although weather conditions have so far prevented heavy early movement of spring crops. Prices in general are higher than last year because of the improved demand situation.

Dry edible beans: Prices have declined from midwinter peaks, principally because of lower prices for varieties not included in the price-support program. March 1 planting intentions indicate a possible production this year about the same as the record 1941 crop.

DEMAND

There was little change during the past few months in conditions affecting the domestic consumer demand for farm products, but a resumption of last year's upward trends is expected shortly. The conversion of industry to war production continues, as does curtailment of the production of civilian goods of the types requiring materials that are scarce. The temporary retarding effects of these developments on industrial production and employment are being offset by increased output of war goods, and the latter is expected soon to increase enough to account for considerable net gains in total

industrial activity, employment and consumer income available for the purchase of farm products.

Industrial production in the first quarter of 1942 averaged 20 percent higher than during the corresponding period of 1941, according to the Federal Reserve index, but in March the index (not adjusted for seasonal variation) was only 2 percent higher than 6 months earlier. The rise in production is expected to become steeper as output in converted plants is stepped up. Defense expenditures rose to 2,797 million dollars in March, a daily rate 88 percent above that of last November, just before Pearl Harbor. Further increases will accompany the growing ability of industry to make deliveries of war goods.

Nonagricultural civil employment (about 30 percent in factories) has fluctuated closely in line with usual seasonal movements since last November, despite the retarding effects of conversion of industry to a war economy, military demands for men, and growing difficulties of securing skilled workers. Labor shortages will become increasingly marked as Selective Service removes more and more men from civil jobs and the labor needs of war-goods industries expand. However, already there is evidence, according to WPA studies, "that the labor force is now increasing at a rate at least double the normal increment" of around half a million annually. This abnormal increase is a war phenomena similar to that of World War I. It comes about in part by the use of women for types of work formerly done almost exclusively by men, the return of some retired men to active work, earlier entry to the labor market by young workers than in recent years, and widespread Government sponsored pre-employment training. This more rapid gain in available workers, together with the remaining unemployed, will permit a sizable increase in total nonagricultural employment as converted industrial facilities come into production. But the unskilled character of much of this surplus labor force will tend towards a lowering of average efficiency. This may mean relatively larger gains in employment than in industrial output.

The war is of growing importance in the demand for farm products directly as well as through its effects on industrial activity and consumer buying power. For instance, during the past year (March 15, 1941 to March 15, 1942) 810 million dollars worth of raw and processed farm commodities were bought by the Agricultural Marketing Administration, largely for shipment to United Nations under the Lend- Lease Act. The f.o.b. cost of these farm commodities nearly equaled 7 percent of the income received by farmers from marketings during this 12-month period. Furthermore, the ratio of the value of such purchases to farm income from sales was increasing during the year, and in February 1942 amounted to about 10 percent. This does not mean that 10 percent of farm income from sales arises from Government food buying, since there is a considerable difference in f.o.b. prices or prices of processed products and in the prices received by farmers for the products bought by the Surplus Marketing Administration or used in their manufacture.

Farm commodities purchased by the Department during the first full year of the expanded purchases program are shown in the following tabulation:

Purchases of farm commodities by the Department of Agriculture
March 15, 1941 to March 15, 1942 1/

Commodity	Amount	Cost (f.o.b.)
	Million pounds	Million dollars
All farm commodities	7,602	810
All foods	6,850	672
Meat products	1,116	237
Lard	451	50
Pork	657	179
Other	8	8
Dairy products	1,521	164
Eggs	234	119
Vegetables	829	27
Fruit	1,180	44
Grain and products	1,430	32
All other foods	539	49
Nonfoods	752	138
Cotton, baled	357	58
Tobacco	213	68
Other nonfoods	182	12

1/ Includes amounts made available for lend-lease by the Commodity Credit Corporation as well as purchases by the Agricultural Marketing Administration.

In view of expected increases in industrial employment and consumer income, the growing importance of Government purchases of farm products and the declining volume of industrial products for civilian consumption, considerable improvement in the over-all demand for farm products is anticipated during the remainder of 1942.

GENERAL PRICE LEVEL

Expanded consumer income and declining production of consumption goods for civilian use, together with growing military and lend-lease needs, will continue to exert a strong upward pressure on commodity prices. Although widening price controls and rationing of scarce consumer items will offset in substantial part the effect these conditions otherwise would have on the general price level, the trend is likely to continue upward.

Wholesale commodity price movements since late January have been modified considerably by widening price controls under the Emergency Price Control Act approved on January 30. For instance, the index of prices of the 8 basic commodities (in the Bureau of Labor Statistics index of 28 basic commodities) which are not under control, advanced 5.4 percent between January 23 and April 2, whereas the index of prices of the 20 controlled commodities was at the same level at the latter date as on January 23. The composite index rose only 1.5 percent during this 10-week period, whereas prior to approval of the Control Act (January 30) the upward trend had been

much steeper. Of course, other factors have played a large part in this price behavior, but without controls sharp increases in prices of a number of commodities no doubt would have carried the index considerably higher.

Retail price gains also are being held in check to some extent by price ceilings on some scarce items, but the composite index of living costs continues to rise fairly rapidly. Retail food prices gained about 5 percent during the first quarter of 1942 and other living costs (including rents) were up about 2 percent. Maximum retail price limits have been placed on a considerable number of consumer items during the past month.

Although no satisfactory index of consumer buying power for commodities is available, dollar income payments to individuals continue to rise and the production of goods for civilian use is declining. Under these conditions the pressure on prices is great, especially on prices of commodities of which shortages exist.

In the agricultural commodity price field, controls were extended during the past month to dressed hogs and pork cuts, and to canned fruits and vegetables. Upward price movements have predominated in agricultural markets during the past month, with prices of cotton, wool, steers, and hogs rising sharply, although wheat prices have declined. Large and expanding Government purchases of farm products for shipment to the United Nations, growing military needs, and rising consumer income available for food and other nondurable products, are elements of strength in markets for farm products.

FARM PRICES AND INCOME

Cash income from farm marketings declined more than usual from December to February and failed to rise by the usual seasonal amount in March. During the next few months income is expected to gain somewhat more than seasonally, but not as rapidly as a year earlier when prices received by farmers were advancing sharply.

During the next few months the big fall pig crop of 1941 will result in a sharp increase in hog marketings, but expected increases in consumer income and in lend-lease buying will tend to support prices and thus result in larger income from this source. Present prospects are that conditions also will be generally favorable to increased marketings of and income from other livestock and animal products. Marketings of most major cash crops will be small until 1942 growths are harvested. However, fresh vegetables continue to contribute importantly to farm income as does redemption and sale by farmers of cotton formerly placed under loan. Livestock and animal products usually account for around two thirds of all income from farm marketings during the June quarter of the year.

Prices received by farmers rose one point to 146 percent of the 1910-14 average in March, and according to price changes in central markets probably rose at least as much between mid-March and mid-April. The rise in March was due largely to higher prices for meal animals, whereas the apparent rise in April has been due largely to a substantial gain in cotton prices and some further rise in meat animals. Prices of wheat and rye have fallen sharply since mid-March.

The index of prices paid by farmers continued to rise in March, keeping one point above the index of prices received, the same as in February. This was the ninth consecutive month in which prices received and paid by farmers were at their approximate 1910-14 relationship to each other. This situation, which apparently has been continued this month, is expected to prevail over the next several months.

COTTON

A further advance of over 1 cent per pound from mid-March to April 9 took the 10 market price of Middling 15/16 inch to almost 20-1/2 cents on the latter date, the highest since March 1929. Despite a 1/4 cut decline from April 9 to 15, the mid-April price was still approximately 9/10 cent above a month earlier when the farm price averaged 18.06 cents, only 0.29 cent below the parity price.

The substantial advance in domestic cotton prices since the second week of November has occurred despite price ceilings on finished piece goods. The maximum prices permissible under these ceilings are the highest net prices for each class of finished goods during the period March 7 to March 11. The further advance in cotton prices has narrowed the margins between the price of cotton and the price of finished goods, but they are still unusually wide. Except for the wide margins and a demand for cotton goods far in excess of the supply, the ceiling prices on finished goods might well have prevented cotton prices from rising.

Domestic mill output has continued at record or near record levels during recent weeks. Still further gains are expected in domestic consumption so that total consumption and exports may reduce the United States carry-over of cotton on August 1 down to but little more than 10 million bales from slightly more than 12 million bales on August 1, 1941. The expected carry-over is still materially larger than average. A large proportion of it, however, will be of the lower grades and shorter staples. It is estimated that about three fifths will be of staples under 1 inch in length and not more than 3 percent of staples 1-1/8 inches and longer. Approximately 290,000 bales of Commodity Credit Corporation cotton were sold in April under the General Sales Program. This plus other sales brought the April total to the 300,000 bale limit. The total sales by Commodity Credit Corporation from January through April is over 1 million bales.

WHEAT

The Crop Reporting Board report of April 10 indicates a winter wheat production this year (on basis of April 1 indication) of 625 million bushels compared with 671 million bushels produced last year and the 10-year (1930-39) average production of 569 million bushels. Winter wheat started spring growth under generally favorable moisture conditions, although outside the Central Plains area the backwardness of spring resulted in a slow start and short growth. Subsoil moisture was reported to be ample in the Great Plains and Western States where it is a decisive factor. Some shortage of moisture and insect damage is reported in North Central Texas and the adjoining portion of Oklahoma.

Winter wheat production on the basis of April 1 indications is estimated at 7 percent less than last year's large crop but about 10 percent above average. The estimate of winter wheat production does not allow for additional acreage of "Volunteer" wheat which may be harvested as a result of recent rulings of the Agricultural Adjustment Agency, the extent of which will not be known until around harvest time. Winter damage has been unusually light this season and the loss of acreage due to winter killing and diversion is indicated at only 6.4 percent - less than one half that of 1941 and only one third as large as the 10-year average.

Spring wheat acreage plans, according to March 1 reports of United States growers, indicate plantings of 15.3 million acres. This would be 8.7 percent less than was planted in 1941 and 30 percent less than the 10-year (1930-39) average.

Farm stocks of wheat on April 1 were estimated at 270 million bushels, 40 percent larger than the 193 million bushels a year earlier and the largest April 1 farm stocks on record. This estimate includes wheat stored on farms under Government loans. The total carry-over of old wheat next July 1 is estimated at about 631 million bushels. On the basis of this carry-over, plus the April 1 estimate of 625 million bushels of winter wheat to be produced and a tentative estimate of 164 million bushels for spring wheat on the basis of average yields and prospective plantings, there would be an estimated total domestic supply of wheat in 1942-43 of 1,420 million bushels. This compares with a domestic supply of 1,331 million bushels in 1941-42 consisting of a carry-over of 385 million bushels and a total crop of 946 million bushels. On the basis of this estimate of supplies for the current season and prospects for domestic disappearance of 675 million bushels, there would be available for export in the year beginning July 1 next, and carry-over at the end of the year, about 745 million bushels. Exports in 1940-41 totaled only 34 million bushels and as long as present shipping difficulties continue exports probably will remain small.

Wheat prices have declined substantially during the past month. May futures at Chicago were about 8 cents per bushel lower on April 15 than a month earlier. Among the factors responsible for weakness in prices, other than the large existing stocks, were the favorable development of the winter wheat crop and scarcity of storage facilities. Around mid-April cash prices for wheat compared as follows with loan values: St. Louis, 6 cents above; Kansas City, 3 cents above; Minneapolis, 1 cent below and Portland, 7 cents below.

FATS, OILS, AND OILSEEDS

Prices of fats and oils probably will not change greatly in the next few months. Prices of most items are now at maximum levels permitted under present schedules. There are no restrictions on prices of butter and linseed oil, however.

Following the announcement in late March that the price of 92-score butter would be supported by the Department of Agriculture at 36 cents per pound, the wholesale price of butter at Chicago advanced more than 2 cents. The higher level of butter prices is expected to stimulate production of

milk and also to result in some diversion of the flow of milk from condenseries and cheese factories to creameries, thus increasing the supply of butter.

Prices of flaxseed and linseed oil have advanced materially in recent weeks, reflecting strength in the demand for paint oils, uncertainty concerning imports of flaxseed, announcement of a support price for flaxseed in Canada, and a further increase in the Argentine selling price for flaxseed. The recent order of the War Production Board restricting new building activity is expected to reduce requirements for linseed oil to some extent, but increases in war demands will tend to offset the influence of this factor on prices.

In early April a joint arrangement was approved by the President and the Prime Minister of Canada providing for increasing the production of oil-bearing crops in the United States and of oats, barley, and flaxseed in Canada, to meet wartime needs of both countries. Without changing the existing tariff structure, this arrangement provides for more effective utilization of the joint agricultural resources of the two countries.

During March, the War Production Board issued orders restricting the utilization of coconut oil, babassu and other palm-kernel oils, palm oil, and rape oil, Early in April, additional imported oils and oilseeds were placed on the list of commodities which private importers may not import without special permission from the War Production Board. Among these were babassu nuts and oil, castor beans and oil, cashew nut-shell oil, and oiticica oil. Restrictions previously had been placed on private imports of coconut oil and copra, palm oil, tung oil, and rape oil. Importation by Government agencies is not restricted.

CORN AND OTHER FEED

A record disappearance of corn during the first quarter of 1942 reduced total stocks on April 1 to 1,405 million bushels, 3 percent smaller than the record stocks on April 1 last year. October-March disappearance was 12 percent greater than for this period of 1940-41. If corn is utilized at this rapid rate during the last half of the present marketing year, as now appears probable, stocks of corn remaining next October 1 probably would be 15 to 20 percent below the 1941 carry-over or between 500 and 550 million bushels. January-March oats disappearance was slightly smaller than in this quarter last year. Present indications point to an oat carry-over next July 1 about one fourth less than the carry-over July 1, 1941.

With an average growing season this year, production of four feed grains is expected to be a little smaller than 1941 production when yields were near record. The total supply in this event may be about 5 percent smaller than supply last year and 10 to 12 percent smaller per animal unit. With a favorable season supplies of high protein feeds are expected to be about 15 percent larger in 1942-43 than supplies this year.

Changes in prospects for 1942 crops will be a major factor influencing feed prices during the next few months. The loan rate on corn in 1942 may have less influence on prices than it has during any of the past 4 year

During the past month market prices of corn, oats and barley have advanced about 2 cents per bushel. Prices of brewers' and distillers' grains and gluten feed are unusually cheap relative to most other feeds since the former have declined $3.00 to $8.00 per ton during the past month, largely because of increased production. The ceiling on wholesale prices of tankage was lowered $6.00 per ton and meat scraps $5.00 per ton effective March 26.

HOGS

The weekly rate of hog marketings during March was not greatly different from that of a year earlier. But the market movement of the 1941 fall pig crop is now getting underway, and hog supplies are expected to increase fairly sharply during the next few weeks. Inspected hog slaughter during the first half (October-March) of the 1941-42 marketing year totaled about the same as a year earlier, but in the last half of the year (April-September) an increase of around 15 percent over 1940-41 is expected.

A marked increase in the rate of pork and lard purchases for lend-lease during the next 3 to 6 months is expected. Beginning with early April, the Agricultural Marketing Administration has asked packers operating under Federal inspection to offer for sale to the Federal Surplus Commodity Corporation at least two-fifths of their production of pork cuts and canned pork and two-thirds of their products of lard and hog casings. These increased purchases will more than offset the prospective larger slaughter supplies of hogs, and a sharp reduction in supplies of pork and lard for domestic consumption compared with a year earlier can hardly be avoided. At least a part of this decrease will be offset by larger supplies of beef, veal, lamb, and mutton, however, and the total supply of all meats available for domestic consumption, although somewhat smaller than a year earlier, may not differ greatly from those of the corresponding period in 1940.

Hog prices continued to advance during March and early April, despite the announcement of ceiling prices for pork products in early March. The spread between wholesale prices of pork products and the price of live hogs was fairly wide during the week ended March 7, the period upon which ceiling prices were based, and this together with some upward revisions in the ceiling prices allowed some further advance in the price of live hogs. The average price of butcher hogs at Chicago for the week ended April 11 was $14.25. This compares with $13.20 for the first week in March, and $8.65 in the corresponding week a year earlier. It is the highest level reached by hog prices in 16 years. Because of the large lend-lease purchases of hog products to be made during the next few months, prices of hog products probably will remain at or near the maximum prices permitted under the ceiling order. Hence a continued high level of hog prices is in prospect.

CATTLE

The number of cattle on feed in the Corn Belt on April 1 was nearly as large as that of a year earlier. The number on feed longer than 3 months also was indicated to be nearly as great as last year, so that the monthly supply of fed cattle during the spring and summer months may be about the same as it was in 1941. Slaughter supplies of all cattle marketed during the next 6 months probably will continue larger than a year earlier, but the percentage increase over corresponding months of 1941 may not be as great as it has been during the past 3 months.

The number of cattle slaughter under Federal inspection in March totaled 929,000 head, 40 percent more than in February and 21 percent more than in March last year. It was the largest cattle slaughter for the month on record. Inspected cattle slaughter during the first 3 months of 1942 also was of record proportion, totaling nearly 2.9 million head, compared with 2.4 million a year earlier. Inspected calf slaughter during January-March was 7 percent greater than a year earlier but was smaller than in the corresponding period of several earlier years.

Prices of most grades of slaughter cattle have improved considerably since mid-February, with the advance most pronounced for prices of the upper grades. Slaughter supplies of well-finished slaughter cattle have decreased sharply in recent weeks, and this together with further improvement in consumer demand for meats appears responsible for the advance. The average price of good grade beef steers at Chicago for the week ended April 11 was $13.90, about $1.00 higher than a month earlier and around $2.50 higher than a year earlier. Prices of feeder steers have advanced less than slaughter cattle since the first of the year, but the spread between prices is still narrow. Prices of veal calves continue much higher than a year earlier. The average price of good and choice vealers at Chicago for the week ended April 11 was $13.90 compared with $11.60 in the corresponding week of 1941. The expected reduction in supplies of pork for domestic consumption during the next few months will lend support to prices of beef and hence to prices of live cattle.

SHEEP AND LAMBS

The early lamb crop has not developed as favorably this spring as last, and total marketings of spring lambs before June 1 are expected to be smaller than those of a year earlier. Marketings of early lambs from California have been stimulated by dry ranges. This is in contrast with the 2 preceding seasons when favorable feed conditions encouraged the holding of early lambs to relatively heavy weights. Prospects for the late lamb crop are mostly good, but the outlook for the Texas crop is not as favorable this year as last.

Although marketings of fed lambs were unusually large during March, the number of lambs remaining in feed-lots in several important feeding areas at the end of the month was considerably larger than a year earlier. Yearling lambs in Texas made poor gains during March, and few are expected to reach slaughter condition before late spring. Total marketings of old-crop lambs probably will continue relatively large for another month or so.

Fed lamb prices strengthened a little during March, despite the unusually large marketings during the month. The average price of good and choice grade wooled lambs at Chicago for the week ended April 11 was $12.10, slightly higher than a month earlier and $1.20 higher than a year earlier. Inspected sheep and lamb slaughter during March of 1,669,000 head was 19 percent greater than in February and 18 percent greater than in March 1941. It was the largest commercial slaughter of sheep and lambs in March ever recorded.

WOOL

Prices of graded domestic wools at Boston advanced 1 to 6 cents a pound, scoured basis in the 5-week period ended March 28, and prices are now at or close to the maximum prices for domestic shorn wool established by the Office of Price Administration on February 28. An invitation of the Army Quartermaster Division in March for bids on large quantities of wool cloth and blankets to contain not less than 50 percent of domestic wool was an important factor in the price increase.

Price schedule No. 58 on wool, wool tops and yarns was revised by the Office of Price Administration on March 27. The revision sets maximum prices on most domestic and foreign wools and semi-manufactures other than domestic shorn wools. The maximum prices allowed in the March 27 revision are generally higher than prices permitted under the earlier regulations. The increases were made to conform with the higher maximum prices established for domestic shorn wools under Price Regulation 106, issued in February.

Mill consumption of apparel wool in January was at a new record high of 11.2 million pounds a week, scoured basis. The January rate of consumption was 3 percent higher than that of December and was 40 percent higher than in January 1941. It is expected that the consumption of wool for army use in 1942 will nearly equal the average use for all purposes in recent years. Use of wool for civilians will be sharply curtailed by Government order because of the difficulty of importing large quantities of wool under war conditions. Machinery activity in most sections of the wool manufacturing industry was still below a full two shift basis (40-hour shifts) in January, but activity in the combing section was considerably above a two shift basis.

DAIRY PRODUCTS

The outlook for dairy product prices has improved considerably as a result of the announcement that the Department of Agriculture will support prices of 92-score butter at Chicago at 36 cents. The present support level assures producers that butter prices throughout 1942 will be maintained above those which prevailed during most of 1941. Higher butter prices also will tend to prevent further seasonal declines in prices received by farmers for whole milk. Since April 4 butter prices have been 1/4 to 1-1/2 cents above the new support level.

Despite the prospective higher butter and butterfat prices than a year earlier, increased feed prices probably will cause the butterfat-feed price ratios to continue somewhat less favorable to producers through the coming summer than they were in the summer of 1941. However, the ratios may be nearly as favorable as the 1910-39 average ratios, at least from May to August.

Milk production is now increasing seasonally and on April 1 was 4 percent larger than a year earlier. Production per cow continued 1 percent above last year's record high level, largely as a result of heavier grain feeding. The total production of manufactured dairy products continues relatively large and is utilizing most of the increase in milk production. During February evaporated milk production was 77 percent larger than a year earlier, American cheese production 50 percent larger, production of dry skim milk for human

consumption 50 percent larger but butter production was 9 percent smaller. Butter production is likely to increase relative to last year in coming months but the percentage increases in the production of cheese and evaporated milk over a year earlier may be smaller than in recent months.

Government purchases of dry skim milk and of cheese in March were about as large as in any month since the purchase program began but purchases of evaporated milk were the smallest since September. Butter purchases, which first began in December 1941, totaled 5 million pounds in March.

POULTRY PRODUCTS

Supplies of poultry meat in the United States this year will be the largest on record. It is likely that from 6 to 10 percent more chickens and turkeys will be raised on farms this year than last and some further increase may occur in the annual output of commercial broilers.

The increase in the number of farm chickens raised will be largely the result of the unusually favorable relationship between feed prices and egg prices during the past year. The feed-chicken price ratio, however, has been unfavorable for producers and this may tend to bring about some relative increase in the number of light-breed chickens raised and to modify the increase in commercial broiler production. Turkey raising in 1941 was unusually profitable and encouraged farmers to save more breeder hens this year than last.

Prices of chickens will decline seasonally later this year as market supplies increase. For the year as a whole it is likely that prices received by farmers for both chickens and turkeys will be higher than in 1941 because of the stronger consumer demand for all meats this year. The average price received by farmers for chickens in mid-March was 18 cents per pound compared with 14.4 cents a year earlier.

With the addition of late pullets to laying flocks, the number of layers on farms increased relative to a year earlier after January 1 and in March was about 12 percent larger than in March 1941. The number of layers may decline less than usual this spring and summer as a result of favorable relationships between prices of feed and eggs. Egg production, therefore, probably will continue much larger than a year earlier and may exceed the 1942 production goal. The output of eggs in the first quarter of this year was 16 percent larger than a year earlier. The wholesale price of fresh firsts at Chicago in mid-April was about 29 cents per dozen. This was about 30 percent higher than a year earlier. The relationship between feed prices and egg prices continues favorable for egg production.

POTATOES AND SWEETPOTATOES

Prices received by growers for potatoes have been rising since late 1941 and in February and March were approximately at parity. Market prices in recent weeks continued firm at levels well above prices last year. Smaller stocks of 1941 potatoes and no increase in early potato production compared with last year together with increased demand and a higher general level of food prices have produced a relatively favorable market for potato growers. A favorable market throughout the year is expected from

these conditions. In addition the Government plans to support prices at levels ranging from 1 dollar per 100 pounds in North Dakota and Minnesota to $2.50 per 100 in Florida and Texas if events should occur to disrupt the present outlook.

A year ago prices were low because of the large carry-over of late potatoes and increased early 1942 production. The late 1941 crop, however, was relatively small and prices began rising. Intention reports on March 1 this year indicated a 1-percent increase in acreage. High yields as in 1941 will be necessary if the 1942 production of late potatoes is to equal last year's crop. Demand is likely to be greater than at present, so that supplies could be larger and still maintain present prices. The Government price-support program, announced after intention reports had been returned, may bring about somewhat larger plantings than indicated in the March 1 report.

Early potatoes are now being sold on terminal markets at prices more than 1 dollar per 100 pounds higher than prices in April, 1941. The peak of south Florida shipments was reached in late March, and Texas Lower Valley shipments continued into mid-April. Large shipments from north Florida will probably take place in late April. Production from early (2) States is expected to be 10 to 30 days later than usual due to cold, wet weather which delayed planting and caused some loss of seed due to rotting.

Sweetpotato acreage in 1942 may be about the same as last year, since March planting intentions indicated a 2-percent increase above the 759,000 acres planted in 1941. Southern farmers have new opportunities this year for growing peanuts, soybeans, and other crops, and the encouraging outlook for cotton price apparently discourages any general expansion in sweetpotato acreage. The 1941 production was 18 percent more than the 1940 crop and market prices at present are slightly below those of a year ago. Central market prices are remaining remarkably steady but fail to show seasonal advances. Present possibilities for the small increase in production this year indicate higher prices during late 1942, since food prices are rising in response to increased demand.

DRY EDIBLE BEANS

Prices of dry edible beans have declined somewhat from their midwinter peaks. Varieties included in the price-support program have sold at slight reductions, while other varieties, particularly red kidney beans, have shown substantial declines in price. The prohibition on the use of tin for canning dried beans had an especially unfavorable effect on the market for red kidney beans. Prices for this variety in April were well below those of a year earlier. Other varieties sold at higher prices than last year.

Approximately 10 million bags of dry beans (cleaned basis) were in storage on March 1 at farms and usual commercial storage places. March supplies were large in spite of greatly increased demand for dry edible beans, since high yields last year resulted in a record production of 17.4 million bags. Demand for dry beans will likely be maintained or increased further during 1942. Expectations that prices will continue at relatively high levels are based on the demand outlook and on existing Government assurances of price support for important varieties.

March 1 intentions of bean growers for 1942 were to plant 5 percent more acreage than last year. Unless the exceptionally high yields of last year are repeated, total production this year is not likely to be larger than that of 1941. Most of the increased planting will be in colored varieties in the Western States. Expansion last year was chiefly in white bean production in Michigan and New York, but the 1942 change to price support at country shipping points instead of Eastern Seaboard points is relatively more favorable to western growers.

TRUCK CROPS

Indications in early April were that acreage of vegetables grown for shipment this year will be about 6 percent more than in 1941. Some shift has taken place towards crops that were high in price last year, particularly cabbage and onions. Supplies of vegetables during late April and early May are expected to be ample and for onions, lettuce, green peas, snap beans, and spinach are likely to be considerably larger than last year. Ample supplies of cabbage continue to come from the first early crop in the South, which accounted for the chief increase in truck crop tonnage during the first quarter of the year.

Although weather conditions have been unfavorable for early movement of spring crops, little damage has been reported from important areas. Delayed planting in the Gulf States, however, will result in crops reaching maximum production in these areas about 2 or 3 weeks late. Harvest of growing vegetables has been held up in most early areas. Asparagus movement from California was light before April 1, and harvest of early potatoes and early onions in Texas was just starting about that time. Unfavorable weather has not affected hardy vegetables, such as cabbage and spinach, but has considerably retarded development of tender crops.

Demand for vegetables is relatively favorable this year, and market prices for many crops are somewhat above those a year ago. Exceptions in early April were lower prices than last year for artichokes, cabbage, and celery. Larger production of these crops has not been offset by increased demand as is the case with some other early crops. The largest increases above last year are in prices for asparagus, onions, green peas, and green peppers. Market prices in general, however, declined seasonally in early April as increased supplies from spring production began moving to the cities.

Processors report a desire to increase the contracted acreage of snap beans and sweet corn for canning by 20 and 12 percent respectively in 1942, compared with 1941. Although such large increases as these may not be secured, there probably will be larger supplies of these as well as most other important canning crops.

Assuming a total fruit production in the 1942-43 season roughly equal to that in 1941-42 it is probable that the total pack of canned fruit in the 1942-43 packing season will be about the same size as that of the 1941-42 season. However, the quantity available to domestic civilian consumers may be about 25-30 percent less than in 1941-42.

Production of early strawberries, the major portion of which will be marketed from the middle of April to the middle of May, is indicated to total 2,519,000 crates compared with 2,175,000 crates in 1941. Production of second early strawberries, normally marketed during May, is estimated to total 4,042,000 crates, or slightly greater than last year. It is likely, unless the crop is of poor quality, that the effects on prices of the prospective increase in supplies this year will be more than offset by the effects of increased consumer purchasing power. Prices of Florida strawberries at New York have averaged from 3 to 8 cents a pint above those of last year since the last week in February.

The condition of the peach crop on April 1 in the 10 Southern peach States was 77 percent compared with 82 percent on the same date last year. Production in these States probably will be slightly to moderately smaller than in 1941, and prices should average considerably higher.

Production of oranges in 1941-42 is now estimated to total 83.1 million boxes compared with 84.1 million in the previous season. The production of California Navels and miscellaneous oranges is greater than a year earlier, but the production of California Valencias is indicated to be smaller. Prices of California oranges have been averaging about the same as in the previous season, but as the Navel harvest is brought to a close and the harvesting of the Valencia crop gets under way it is likely that prices will advance considerably relative to prices in the comparable period last year. Prices of Florida oranges at the New York auction have averaged roughly 15 percent above those of last year from the beginning of the season to date. Production of grapefruit is indicated to total 41.7 million boxes compared with 43.0 million last season. Weekly prices of Florida and Texas grapefruit continue to average above those in the comparable weeks in 1941.

Cold storage holdings of apples on April 1 totaled about 8.2 million bushels, including 710,000 bushels held by the Federal Surplus Commodities Corporation, compared with 10.5 million bushels on April 1, 1941. Auction prices of western apples at New York and Chicago in the week ended April 3 averaged 8 percent above prices in the comparable week last year.

ECONOMIC TRENDS AFFECTING AGRICULTURE

INDEX NUMBERS: INDICATED BASE PERIOD = 100

YEAR AND MONTH	INDUSTRIAL PRODUCTION[1]	FACTORY EMPLOYMENT[2]	FACTORY PAY ROLLS[2]	INCOME OF INDUSTRIAL WORKERS[3]	WHOLESALE PRICES OF ALL COMMODITIES[4]	RETAIL FOOD PRICES[5]	COST OF LIVING, URBAN[6]	PRICES RECEIVED BY FARMERS[7]	PRICES PAID BY FARMERS	PRICES PAID BY FARMERS, INTEREST AND TAXES	RATIO OF PRICES RECEIVED TO PRICES PAID INCL. INTEREST & TAXES	CASH INCOME FROM FARM MARKETINGS[8]
Base Period	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1910-14*	*1910-14*	*1910-14*	*1910-14*	*1910-14*
1929	110	108	127	134	118	133	122	146	153	166	88	190
1930	91	94	103	110	107	126	119	126	145	158	80	152
1931	75	80	78	85	91	104	109	87	124	138	63	107
1932	58	68	54	59	80	86	98	65	107	120	54	80
1933	69	75	58	61	82	84	92	70	109	118	59	89
1934	75	88	74	77	93	94	96	90	123	128	70	106
1935	87	93	86	87	99	100	98	108	125	130	83	119
1936	103	101	99	100	100	101	99	114	124	129	88	139
1937	113	111	118	117	107	105	103	121	130	134	90	148
1938	89	93	91	91	98	98	101	95	122	127	75	129
1939	108	102	106	105	96	95	99	93	121	127	73	132
1940	123	110	122	119	98	97	100	98	123	128	77	141
1941	156	130	172	163	108	105	105	122	133	136	90	188
1941-												
Jan.	140	121	145	138	100	98	101	104	123	128	81	158
Feb.	144	121	146	139	100	98	101	103	123	128	80	153
Mar.	147	122	147	141	101	98	101	103	124	129	80	161
Apr.	144	125	153	142	103	101	102	110	124	129	85	169
May	154	128	164	157	105	102	103	112	125	130	86	176
June	159	131	175	167	108	106	105	118	128	132	89	175
July	160	136	182	173	110	107	105	125	130	133	94	179
Aug.	160	136	183	174	112	108	106	131	133	136	96	186
Sept.	161	135	187	177	114	111	108	139	136	138	101	200
Oct.	163	136	189	178	115	112	109	139	139	141	99	203
Nov.	166	137	192	180	115	113	110	135	141	143	94	205
Dec.	167	138	197	187	116	113	110	143	142	143	100	244
1942												
Jan.	171	139	208	196	119	116	112	149	146	146	102	239
Feb.[9]	173	137	204	192	120	117	113	145	147	147	99	230
Mar.[9]	174	--	--	--	121	--	--	146	148	148	99	--

[1]Federal Reserve Board, adjusted for seasonal variation. Revised September 1941.

[2]Bureau of Labor Statistics, adjusted for seasonal variation and converted from the 1923-25 base (employment adjusted by Federal Reserve and pay rolls by Bureau of Agricultural Economics).

[3]Adjusted for seasonal variation. Includes factory, railroad, and mining employees. Revised November 1941. To convert to 1924-29 base, multiply by 78.0744 percent.

[4]Bureau of Labor Statistics, 1926 = 100 converted to 1935-39 = 100 by multiplying by 124.069 percent.

[5]Bureau of Labor Statistics.

[6]Bureau of Labor Statistics. Index numbers of cost of goods purchased by wage earners and low-salaried workers in large cities.

[7]August 1909-July 1914 = 100.

[8]Adjusted for seasonal variation, converted from 1924-29 = 100 to 1910-14 = 100.

[9]Preliminary.

Note: In comparing trends between industrial production and industrial workers' income, as indicated by the above index numbers, notice should be taken of the fact that income of railway workers, as well as incomes of mining and factory workers, is included in the index of industrial workers' income, whereas the industrial production index is based on mining and manufacturing only. Similar precautions are necessary in comparing trends between industrial production and factory employment and pay rolls. Another consideration of importance is that the production index is based on volume, whereas the income indexes are affected by changes in wage rates as well as by time worked. In comparing monthly indexes it is important to keep in mind the fact that there is usually a time lag between changes in volume of production and similar changes in employment and in workers' income.